

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 TRSE-00 STR-08 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 DRC-01 OMB-01 /047 W

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R 270740Z SEP 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7060

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E.O. 11652: NA

TAGS: EIND ETRD JA

SUBJ: FERROUS SCRAP EXPORT

REF: STATE 171815

SUMMARY: FIVE JAPANESE TRADING COMPANIES REPORTED
PRE-JULY 1, 1973 ORDERS OF FERROUS SCRAP DESTINED TO
THIRD COUNTRIES TOTALLING 288,626 SHORT TONS. THE COMPANIES
DECLINED FOR THE PRESENT TO SUBMIT DOCUMENTARY EVIDENCE
ON DATES AND DETAILS OF ORDERS. SUMMARY END.

1. IN SEPARATE REPORTS TO THE EMBASSY THE FIVE FIRMS
INDICATED THE FOLLOWING TOTAL PRE-JULY 1 ORDERS DESTINED
TO THIRD COUNTRIES:

MARUBENI CORP. 165,760

NETSUI AND CO., LTD. 77,140 SHORT TONS

TOYO MENKA KAISHA, LTD. 13,224 SHORT TONS

KANEMATSU-GOSHO, LTD. 6,720 SHORT TONS

NOMURA TRADING CO., LTD. 25,782 SHORT TONS

2. ENTIRE TOYO MENKA AND KANEMATSU-GOSHO ORDERS
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DESTINED FOR SOUTH KOREA. DECLINED NAME US EXPORTER.

3. NOMURA REPORTED TWO ORDERS FOR 16,503 ST AND 1,538 ST DATED MAY 7, 1973, FROM SAN TONG SING IN TAIWAN AND A THIRD ORDER FOR 7,714 ST DATED JUNE 28, 1973, FROM UNION METALS IN THAILAND. U.S. EXPORTER COMMERCIAL METALS.

4. MARUBENI AND MITSUI DECLINED TO PROVIDE DETAILS OF THEIR ORDERS STATING THAT JAPANESE TRADING COMPANIES CUSTOMARILY PLACE ORDERS FOR INTERNATIONAL COMMODITIES SUCH AS SCRAP IRON BEFORE NEGOTIATING WITH POTENTIAL BUYERS IN JAPAN AND ELSEWHERE AND THAT THIRD COUNTRY ORDERS IN MOST CASES DO NOT PREDATE ORDERS PLACED WITH U.S. EXPORTERS. ACCORDING TO MARUBENI ORDERS PLACED IN U.S. ONLY OCCASIONALLY DESIGNATE NAME AND LOCATION OF END USER. IN PRACTICE TRADING COMPANIES SELECT ACTUAL DESTINATION OF SPECIFIC CARGOES OF SCRAP BASED ON NEGOTIATIONS WITH BUYERS WHICH OFTEN ARE CONCLUDED AFTER ORDER IS PLACED IN U.S.

5. THE FIVE FIRMS STATED THEY BELIEVED EMBASSY REQUESTS FOR DOCUMENTATION FALL IN REALM OF "BUSINESS SECRETS." THEY QUESTIONED WHETHER TOTAL AMOUNT OF THIRD COUNTRY ORDERS WAS SUFFICIENT TO CAUSE USG TO CONSIDER REVISING THE EXPORT LICENSING SYSTEM.

6. EMBASSY RECONFIRMED WITH MITI THAT ONLY ABOVE FIVE COMPANIES ARE INVOLVED IN THIRD COUNTRY SCRAP STEEL TRADE. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO12486
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973095/aaaaadha.tel
Line Count: 89
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 171815
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 16 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Nov-2001 by elyme>; APPROVED <18-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FERROUS SCRAP EXPORT
TAGS: EIND, ETRD, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005